

# ALABAMA BOARD OF HOME MEDICAL EQUIPMENT SERVICES PROVIDERS

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## SB 374 - WHAT THIS BILL DOES

**Sponsor: Senator Larry Dixon**

**Purpose: Housekeeping Legislation for the  
Alabama Board of Home Medical Equipment Services Providers**

After completing several audits and disciplinary proceedings, the Board, Legal Counsel, and the Examiners of Public Accounts have pinpointed weaknesses in the enabling statute of the Board. Many powers that are common to most regulatory boards were not written in the original legislation and HB 480 will correct this oversight. These powers include injunctive relief, criminal penalty, and common violations of regulatory laws. These are standard regulatory tools which will greatly assist the Home Medical Equipment Board in accomplishing its' mission to protect the public. We ask for your support.

The proposed legislation consists of the following amendments:

- **Update Language and Grammar** – Change the official name of the Board form, “The Board of Home Medical Equipment Services Providers” to “The Board of Home Medical Equipment”; minor language and grammatical updates that do not change enforcement, but corrects appropriately; and authorize the Board to employ staff, and adopt a seal.
- **Board Appointments further defined** - Terms of office to end on the anniversary date of the original appointment with Board Members holding office until successor is appointed by the Governor; vacancies to be filled for the unexpired term; Board members to be immune from liability; and a Board Member may be removed at the request of the Board for failing to attend three consecutive, properly noticed meetings;
- **Provide for Fees to cover costs & late renewals** – Establish and charge reasonable fees relating to administrative costs for copies, mailing and filing services or other fees necessary to offset licensing and processing costs; and provide for a late renewal fee.
- **Appeals Court defined** – Provide for appeals to be heard in Montgomery Circuit Court.
- **Define Consent Orders** – Authorize the Board to resolve by agreement purported violations with or without filing a formal administrative notice and opportunity for hearing (with consent of the respondent).
- **Provide for a Criminal Penalty** – Any such person or entity violating the provisions of this chapter shall, upon conviction, be guilty of a Class A misdemeanor, subject to a fine or imprisonment, or both.
- **Provide for Injunctive Relief** – The Board may seek an injunction against any person or entity in violation and the Board may demand and recover a civil penalty of \$50 per day for each violation, reasonable attorney fees and court costs.
- **Violations further defined** – The Board may deny, revoke or suspend a license on any of the following grounds: conviction of a felony, criminal offense, ethical standard of the Board, fraud in obtaining a license, violation of any Board Rule and Regulation, making fraudulent representations, business practices that are harmful to the public, falsifying records, failure to cooperate with an investigation or inspection, and failure to report a change of name, address, or ownership within 30 days

1 SB374  
2 97579-1  
3 By Senator Dixon  
4 RFD: Judiciary  
5 First Read: 12-FEB-09

SYNOPSIS: Under existing law, the Home Medical Equipment Services Providers Board provides for the licensing and regulation of home medical equipment services providers.

This bill would rename the board the Board of Home Medical Equipment. This bill would provide for the removal of board members and for the authority of the board to employ an administrator and other necessary employees, adopt a seal, and establish and charge reasonable fees.

This bill would prohibit the practice of providing home medical equipment services without a license and would provide a process for late renewal of a license and renewal of a lapsed license.

This bill would provide further for the authority of the board and the grounds necessary to deny, revoke, or suspend a license, and would provide for disciplinary hearings, administrative



1 fines, injunctions, and other penalties against  
2 violators.

3  
4 A BILL  
5 TO BE ENTITLED  
6 AN ACT  
7

8 To amend Sections 34-14C-1, 34-14C-2, 34-14C-4,  
9 34-14C-4.1, 34-14C-6, and 34-14C-8, Code of Alabama 1975,  
10 relating to the Home Medical Equipment Services Providers  
11 Board, to rename the board the Board of Home Medical  
12 Equipment; to provide for the removal of board members; to  
13 authorize the board to employ an administrator and other  
14 necessary employees, adopt a seal, and establish and charge  
15 reasonable fees; to prohibit the unlicensed practice of  
16 providing home medical equipment services; to provide for late  
17 renewal and renewal of a lapsed license; to authorize the  
18 board to deny, revoke, or suspend a license; to provide for  
19 disciplinary hearings; and to provide for administrative  
20 fines, injunctions, and other penalties against violators.

21 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

22 Section 1. Sections 34-14C-1, 34-14C-2, 34-14C-4,  
23 34-14C-4.1, 34-14C-6, and 34-14C-8 of the Code of Alabama  
24 1975, are amended to read as follows:

25 "§34-14C-1.

26 "As used in this chapter, the following terms shall  
27 have the following meanings:

1           "(1) BOARD. The Board of Home Medical Equipment  
2 ~~Services Providers~~ as established by this chapter.

3           "(2) HOME MEDICAL EQUIPMENT. Medical devices usable  
4 in a residential setting, as defined in regulations  
5 established by the board.

6           "(3) HOME MEDICAL EQUIPMENT SERVICES. The delivery,  
7 installation, maintenance, replacement of, or instruction in  
8 the use of medical equipment and related supplies used by a  
9 sick or disabled individual to allow that individual to obtain  
10 care or treatment and be maintained in a residential setting.

11           "(4) HOME MEDICAL EQUIPMENT SERVICES PROVIDER. A  
12 corporation, other business entity, or person engaged in the  
13 business of providing home medical equipment services, either  
14 directly or through a contractual arrangement, to an unrelated  
15 sick or disabled individual in the residence of that  
16 individual.

17           "§34-14C-2.

18           "(a) ~~Within 90 days of August 1, 2000, the~~ The  
19 Governor shall appoint a minimum of nine persons to serve on  
20 the Board of Home Medical Equipment ~~Services Providers~~, such  
21 persons to include a majority who are ~~representatives of the~~  
22 employed in the home medical equipment ~~services~~ industry, and  
23 at least one person from each of the following categories: A  
24 consumer of home medical equipment services, a physician, a  
25 representative from the acute-care hospital community, and a  
26 representative from the home health agency community. Those  
27 persons representing the ~~Home Medical Equipment Services~~

1 ~~Provider~~ home medical equipment industry shall be selected  
2 from a list submitted by the Alabama Durable Medical Equipment  
3 Association or its successor. Board members shall have no  
4 record of sanctions related to fraud under federal or state  
5 law. The membership of the board shall be inclusive and  
6 reflect the racial, gender, geographic, urban/rural, and  
7 economic diversity of the state.

8 "(b) The initial members appointed to the board  
9 shall serve for terms of three to five years, with one-third  
10 of the board being replaced each year, beginning in year four.  
11 The terms may be renewed for successive three-year periods. An  
12 appointment shall end on the anniversary date of the original  
13 appointment and each member shall hold office until his or her  
14 successor is appointed by the Governor.

15 "(c) Members of the board shall not be entitled to  
16 compensation for service, but shall be reimbursed for  
17 reasonable travel and meeting expenses, according to a budget  
18 developed and approved by the board.

19 "(d) The board shall have the responsibility for  
20 creating, establishing, maintaining, and enforcing regulations  
21 governing the operation of home medical equipment services  
22 providers, including the qualifications of inspectors, the  
23 nature of inspections, and the process for appeals.

24 "(e) Any vacancy on the board ~~must~~ shall be filled  
25 by the Governor within 60 days. An appointment to fill a  
26 vacancy shall be for the duration of the unexpired term. If a  
27 vacancy occurs among those members who represent the home



1 medical equipment ~~services provider~~ industry, the appointment  
2 shall be made from a list submitted by the Alabama Durable  
3 Medical Equipment Association, or its successor.

4 "(f) At the request of the board, the Governor may  
5 remove a member for failing to attend three consecutive and  
6 properly noticed meetings. The Governor may also remove a  
7 board member for any of the following reasons:

8 "(1) Misfeasance.

9 "(2) Malfeasance.

10 "(3) Neglect of duty.

11 "(4) Conviction of a felony.

12 "(5) Permanent inability to perform official duties.

13 "(g) The board may employ an administrator, who  
14 shall be exempt from the classified service of the state and  
15 shall serve at the pleasure of the board, and may employ  
16 attorneys, experts, investigators, and other employees as  
17 necessary to discharge duties of the board and administer this  
18 chapter. The board shall determine the duties and fix the  
19 compensation of the administrator and other employees, subject  
20 to the general laws of the state.

21 "(h) The board shall adopt a seal, which shall be  
22 affixed to all licenses issued by the board, and shall have  
23 all other powers necessary and proper for performing official  
24 duties.

25 "(i) The board may establish and charge reasonable  
26 fees relating to the administration and enforcement of this  
27 chapter including, but not limited to, application,

1 processing, Internet service, copying, mailing, filing, and  
2 other fees as necessary to offset costs.

3 "(j) Members of the board are immune from liability  
4 for all good faith acts performed in the exercise of their  
5 duties as members of the board.

6 "§34-14C-4.

7 "(a) Except as otherwise provided in this chapter, a  
8 home medical equipment services provider shall be licensed  
9 annually by the board before the provider may engage in the  
10 provision of home medical equipment services. In Alabama, when  
11 a single business entity provides home medical equipment  
12 services from more than one location within the state, each  
13 such location shall be ~~required to obtain a license on its own~~  
14 ~~merit~~ licensed. Out-of-state home medical equipment services  
15 providers are not required to maintain a physical location in  
16 state; ~~however, out-of-state.~~ Out-of-state applicants must for  
17 licensure shall provide a physical location meeting  
18 requirements of Section 473-X-4-.01, ~~Subsection a-f, of the~~  
19 ~~Alabama Administrative Code, or its successors,~~ and may be  
20 subject to inspection by the board.

21 "(b) A license applicant shall submit the  
22 application for licensing or renewal to the board on a form  
23 promulgated and required by the board. In-state and  
24 out-of-state applicants shall pay a reasonable nonrefundable  
25 fee established by the board at the time the application is  
26 submitted. The board ~~shall have the authority to~~ may set  
27 reasonable fees for in-state and out-of-state applicants to



1 obtain a license. ~~The license~~ Upon satisfaction of all  
2 applicable standards and requirements for licensure, the board  
3 shall issue a license certificate permitting the licensee to  
4 engage in providing home medical equipment services ~~shall be~~  
5 ~~effective upon written notification from the board that the~~  
6 ~~applicant meets the standards and has complied with all~~  
7 ~~requirements for licensing.~~ The certificate shall be displayed  
8 prominently at each licensed location. No person, partnership,  
9 or corporation shall provide home medical equipment services  
10 without first obtaining a license issued by the board pursuant  
11 to this chapter.

12 "(c) Accreditation by the Joint Commission on  
13 Accreditation of Healthcare Organizations, the Community  
14 Health Accreditation Program, or other accrediting entities  
15 shall not be substituted for compliance with this chapter.

16 "(d) ~~Licenses~~ Beginning on the effective date of  
17 this amendatory act, licenses issued pursuant to this chapter  
18 shall expire on the anniversary date of the original license  
19 August 31 of the following year unless renewed for an  
20 additional one-year period. A license may be renewed within  
21 the 60-day period after August 31 upon payment of the required  
22 fee and a late fee as established by rule of the board. Any  
23 license that is not renewed before the end of the 60-day grace  
24 period shall lapse. A lapsed license may not be renewed unless  
25 the holder reapplies and satisfies current rules for initial  
26 licensure.

1           "(e) Home medical equipment service providers who,  
2       upon initial inspection, are found not to comply with  
3       applicable licensing standards, may be issued a provisional  
4       license valid for six months. The board shall advise the  
5       provider of the areas of noncompliance contemporaneous with  
6       the issuance of the provisional license, and shall reinspect  
7       the provider for compliance between four and six months after  
8       the provisional license is issued upon application and payment  
9       of a reasonable reinspection fee established by the board of  
10      up to one hundred fifty dollars (\$150).

11           "(f) Except as provided in this chapter, the board  
12      may inspect all license applicants to determine compliance  
13      with the requirements of this chapter prior to the issuance of  
14      a license.

15           "(g) The board may conduct random inspections upon  
16      application for renewal of a license, for cause, and as  
17      necessary to ensure the integrity and effectiveness of the  
18      licensing process.

19           "(h) Employees, contractors, or inspectors of the  
20      board may conduct inspections of out-of-state facilities upon  
21      application from out-of-state applicants for licensure and  
22      renewal. Travel allowances, ~~as allowed by the Alabama State~~  
23      ~~Ethics Commission~~ authorized by Sections 36-7-20 to 36-7-22,  
24      inclusive, shall be provided by the out-of-state applicant for  
25      all inspections conducted at the physical out-of-state  
26      location.

1           "(i) At any time upon the filing of a substantive,  
2 relevant complaint of a consumer of services or other  
3 qualified source as identified by the board, the board may  
4 inspect the operations of the provider to determine compliance  
5 with the requirements of this chapter.

6           "(j) The board shall adopt and maintain standards  
7 for the individuals charged with conducting ~~the~~ inspections  
8 for the purpose of determining compliance with the  
9 requirements of this chapter. Board employees or contractors  
10 may ~~be authorized to~~ conduct inspections. Out-of-state  
11 inspections shall be limited to no more than two employees,  
12 contractors, or inspectors of the board per visit.

13           "(k) Upon notice of a failure to pass an inspection  
14 and obtain a license, a provider shall have 30 days to appeal  
15 the inspection results or be subject to penalties pursuant to  
16 Section 34-14C-6. Upon appeal, a provider shall have the right  
17 to an inspection review or a new inspection in accordance with  
18 procedures promulgated by the board.

19           "§34-14C-4.1.

20           "The Board of Home Medical Equipment ~~Services~~  
21 ~~Providers~~ may establish by rule, and charge and collect,  
22 reasonable inspection fees pursuant to the Alabama  
23 Administrative Procedure Act.

24           "§34-14C-6.

25           "(a) The board may deny, suspend, or revoke a  
26 license as provided in this section.



1           "(b) A license may not be denied, suspended, or  
2           revoked except by majority vote of the board and with prior  
3           notice and opportunity for hearing in accordance with this  
4           chapter and the Alabama Administrative Procedure Act.

5           "(c) The board may institute a hearing for denial,  
6           suspension, or revocation of a license or any person may file  
7           a complaint with the board seeking the denial, suspension, or  
8           revocation of an application for licensure or license issued  
9           by the board or the investigation of any person or entity  
10          providing home medical equipment services. A complaint shall  
11          be in a form prescribed by the board.

12          "(d) A copy of the charges, including notice of the  
13          time and place of hearing, shall be served by certified mail,  
14          return receipt requested, at least 21 days before the  
15          scheduled hearing date to the most recent address of the  
16          licensee on file with the board, or to the last known address  
17          of any unlicensed person providing home medical services. If  
18          the notice and opportunity for hearing is refused or the  
19          return receipt has not been received by the board within 10  
20          days before the scheduled hearing, the licensee may be served  
21          by mailing the charges and notice by first-class mail, at  
22          least seven days before the hearing date, to the most recent  
23          address on file with the board.

24          "(e) The board may deny, suspend, or revoke a  
25          license on any of the following grounds:

26               "(1) Conviction of a felony or other criminal  
27               offense involving moral turpitude.

1           "(2) Violation of any ethical standard promulgated  
2           by the board.

3           "(3) Fraud or misrepresentation in obtaining the  
4           license.

5           "(4) Other just and sufficient cause as determined  
6           by the board, including, but not limited to, any of the  
7           following:

8           "a. Violation of any rule or standard of the board.

9           "b. Making a misleading, deceptive, false, or  
10           fraudulent representation to a client.

11           "c. Engaging in business practices that are harmful  
12           or detrimental to the public.

13           "d. Falsifying records.

14           "e. Failing to cooperate with an inspection or with  
15           an investigation conducted by the board.

16           "f. Failing to report a change of name, address,  
17           control, ownership, or administration to the board within 30  
18           days after the date of change.

19           "(f) The board may informally resolve any alleged  
20           violation of this chapter or rule or standard of the board by  
21           stipulation, agreed settlement, or consent order.

22           ~~"(a) An~~(g) Any entity or person found to be  
23           providing home medical equipment services without a license as  
24           required by this chapter shall be subject to an administrative  
25           fine of up to one thousand dollars (\$1,000) per day that  
26           services were provided without a license. Funds collected

1 pursuant to this chapter shall be allocated to the  
2 administration of ~~the program~~ this chapter.

3 ~~"(b) An~~ (h) Any entity or person found to be  
4 providing home medical equipment services without a license as  
5 required by this chapter may be administratively enjoined by  
6 the board from providing services until such time as the  
7 entity or person complies with this chapter.

8 "(i) In addition to any other disciplinary action  
9 authorized by this chapter, the board may levy and collect  
10 administrative fines for violations of this chapter or the  
11 rules or standards of the board in an amount of up to one  
12 thousand dollars (\$1,000) for each violation.

13 "(j) Any person or entity violating this chapter,  
14 upon conviction, shall be guilty of a Class A misdemeanor, and  
15 subject to fine or imprisonment, or both.

16 ~~"(c) An~~ (k) Any entity or person subject to the  
17 penalties prescribed by subsections ~~(a) and (b)~~ shall be  
18 ~~entitled to~~ (g) and (h) may pursue an appeal through the board  
19 according to ~~regulations~~ rules promulgated by the board.

20 ~~"(d) (l)~~ (l) Any hearings related to matters before the  
21 board shall be conducted in Montgomery County.

22 "(m) In addition to any other penalty or  
23 disciplinary action authorized by this chapter, the board may  
24 seek an injunction against any person or entity found in  
25 violation of this chapter. In an action for an injunction, the  
26 board may demand and recover a civil penalty of fifty dollars  
27 (\$50) per day for each violation, reasonable attorney fees,



1 and court costs. No civil penalty shall be awarded to the  
2 board if an administrative fine is assessed pursuant to  
3 subsection (g).

4 "(n) Any person aggrieved by an adverse action of  
5 the board may appeal the action to the Circuit Court of  
6 Montgomery County in accordance with the Alabama  
7 Administrative Procedure Act.

8 "§34-14C-8.

9 "The ~~home medical equipment services providers board~~  
10 shall be subject to the Alabama Sunset Law, ~~Title 41, Chapter~~  
11 ~~20,~~ as an enumerated agency as provided in Section 41-20-3,  
12 and shall have a termination date of October 1, 2002, and  
13 every four years thereafter, unless continued pursuant to the  
14 Alabama Sunset Law."

15 Section 2. This act shall become effective on the  
16 first day of the third month following its passage and  
17 approval by the Governor, or its otherwise becoming law.